P-2540   Problems

B.   Overpayments (273.18)

1.   General Information

   a.   Simultaneous Errors
        If a client error and an agency error occur at the same
        time and it is not possible to determine how much of
        the overpayment to attribute to each, consider the
        entire claim an agency error claim. If it is possible
        to attribute the amount of overpayment to each type of
        claim, establish two claims. If there is any doubt
        about whether the claim is agency or client, consider
        it an agency error claim.

   b.   Case Records
        File a copy of every established claim (DSW 108FS) in
        the case record.

        File copies of all the receipts given for cash or
        coupon payments received in a district office in a
        central location.

   c.   Potential Claims Sources
        In addition to the overpayments discovered through the
        normal review process and through information reported
        by the recipient household, there are other potential
        sources:

        i.   fair hearings in which the department action is
              upheld,

        ii.   quality control review findings of overpayment or
              ineligibility,

        iii. fraud determinations in which the court did not
              specify an amount to be repaid, and

        iv.   supervisory case reviews.

   d.   Repayments Received in the District
        i.   If a household returns food stamps to the district
              office as a lump sum or partial repayment on a
              claim, give the stamps to the person in your
              office who is responsible for returning stamps to
              state office. Give the household a
              DSW 140 receipt.

              The responsible person returns the food stamps to

Food Stamp Accounting with copies of the DSW 140 receipts. See
P-2540 E.

Each day, Food Stamp Accounting will post the receipt of food stamps to the appropriate RECO panel in ACCESS. <u>NOTE</u>: You must enter the claim in RECO before Food Stamp Accounting can post the receipt of the stamps.

P-2540   Problems (Continued)

B.   Overpayments (Continued)

1.   General Information (Continued)

>   ii.   If a household sends or takes a check or cash into
>   the district office as a lump sum or partial
>   payment on a claim, give the check or cash to the
>   responsible person in your office. Give the
>   household a DSW 140 receipt.
>
>   The responsible person enters the payment in
>   DORC/C on ACCESS. Any cash or check payment on a
>   claim, even a cash-out check, must be on a
>   receipts transmittal to be credited to the claim.
>   Send the DORC transmittal report daily with the
>   cash or checks to Accounts Receivable,
>   Administrative Services.
>
>   As the repayments are received, the Accounts
>   Receivable Unit will input them into the
>   appropriate RECO panel in ACCESS. NOTE: You must
>   first enter the claim in RECO before this can be
>   done.
>
>   iii. When a claim has been paid in full, ACCESS will
>   automatically terminate the claim.

2.   Agency or Inadvertent Household (Client) Error Claims
(273.18)

>   a.   Establish and Calculate the Claim
>
>   Use averaged earned and unearned income actually
>   received. If the overpayment was caused by other than
>   unreported earned income, the earned income already
>   verified and in ACCESS may be used. If unreported
>   earned income is the reason for the overpayment, verify
>   the income for the period of the overpayment.
>   Recalculate eligibility (using the procedures in P-2510
>   E) to determine the benefits the client should have
>   received.
>
>   Calculate the amount of overpayment. You may use a DSW
>   203C (Food Stamp Eligibility Worksheet) or the Quick
>   Eligibility Check function on the PC [see
>   273.18(c)(1)]. Do not allow the 20 percent earned
>   income deduction if the overpayment is due to

unreported earned income. Duplicate payments that are
discovered but have already been mailed to and received
by the household are an overpayment. Remember to use
rules and benefit tables that were in effect at the
time of the overpayment. These may be obtained from
the procedures unit at state office if they are not
available in your district. You may need to use more
than one worksheet, depending on how many changes of
circumstances occurred during the claim period. Attach
these to the copy of the
DSW 108FS filed in the case record.

P-2540   Problems (Continued)

B.   Overpayments (Continued)

2.   Agency or Inadvertent Household (Client) Error Claims
      (273.18) (Continued)

      If the overpayment is less than $100, take no further
      action. See PP&D facing 273.18(d) dated 1/13/95. Keep your
      documentation in the case record. If the overpayment is
      $100 or more, complete a DSW 108FS (Food Stamp Claim) and
      continue to process the claim.

      To help you determine whether a claim is due to an
      administrative error (agency) or an inadvertent household
      error (client), see 273.18b.

      The reasons for overpayment to use on the DSW 108FS and the
      corresponding codes in ACCESS are:

      CODE   REASON FOR OVERPAYMENT

        1   Household failed to provide information (client
      error).
        2   Department failed to take prompt action on a
      change (agency
                  error).
        3   Department incorrectly computed benefits,
      including computer
                  errors (agency error).
        4   Department issued duplicate benefits that were
      used (client
                  error).
        5   Household did not decrease benefits pending a fair
                  hearing, and the hearing found the household
      ineligible
                  or eligible for fewer benefits (client error).
        6   Department issued duplicate benefits that were not
      used
                  (agency error).

b.   Processing the Claim

      STEP 1:

      Complete the DSW 108FS and submit it to your supervisor for
      review before the claim is forwarded to the district
      director. If offset is possible (see 273.17[d], an example

in P-2540 B#5, and P-2540 C), include it in your summary.

The DSW 108FS must have the director's signature and the date the director signed the form since that is the date the claim is established and the process begins.

The district director will assess your summary and statements of the case circumstances and recommend an action. The district director will not recommend collection if:

P-2540   Problems (Continued)

B.   Overpayments (Continued)

2.   Agency or Inadvertent Household (Client) Error Claims
      (273.18) (Continued)

      i.   The claim is totally collected through offset, or

      ii.   The claim should be suspended (no further
            collection action is taken but the claim remains
            open for three years) if the following condition
            applies (see 273.18[d][1]):

            CODE   REASON FOR SUSPENSION

             2   There is documentation showing that
      the

                          household cannot be located.

STEP 2:

Enter the claim information in RECO. If the claim is
totally offset or suspended, no further action is needed.

If the claim is not totally offset or suspended, ACCESS will
generate a demand letter (DSW 108FSA [Food Stamp Claim
Notice]) for you to send to the household informing them of
the overpayment and explaining repayment.

STEP 3:

If a participating household does not make a full payment of
the overpayment, ACCESS will enter code 1 or 3 (as
appropriate) as the repayment method code and begin
recouping at the next possible benefit issuance. If the
household makes a partial payment, ACCESS will take this
action for the balance of the overpayment.

Because the DSW 108FSA has given adverse action notice of
the reduction, no approval or further notice is required.

      Example: A DSW 108FSA is mailed January 25 for an
      agency error. It is too late to begin recouping
      February 1. At propagate for March, ACCESS will enter
      a code 3 as the repayment method and begin recouping at
      10 percent with the March allotment.

If a nonparticipating household does not respond to the first
DSW 108FSA, additional notices (issued by ACCESS) are sent at approximate 30-day intervals until the household responds by paying or agreeing to pay the claim. If at least one notice has been sent, further collection action may be suspended when:

P-2540   <u>Problems</u> (Continued)

B.   <u>Overpayments</u> (Continued)

2.   <u>Agency or Inadvertent Household (Client) Error Claims</u>
      <u>(273.18)</u> (Continued)

            <u>CODE</u>   <u>REASON FOR SUSPENSION</u>

            3   The household cannot be located.

            4   The cost of further collection action is
                     likely to exceed the amount that can be
                     recovered.

      The decision to suspend collection because the cost of
      further collection action is likely to exceed the
      amount that can be recovered is made by ACCESS based on
      the parameters listed for fraud claims under suspension
      code 4 in P-2540 B(3)(d)(iv)(A).

      STEP 4:

      If the household replies to the DSW 108FSA and makes
      full or partial payment, see P-2540 B1 for how to
      process it.

   c.   <u>Claims Payments</u>

      When recoupment is completed, the ACCESS change notice
      will explain the change in benefit level due to the
      completion of recoupment.

      On initial grants for which there is an active claim on
      file, <u>no</u> recoupment will be made from the initial
      grant, whether issued on a daily or state office master
      run. This includes expedited service cases. ACCESS is
      programmed to comply with this policy, so no special
      worker action is needed. ACCESS will issue a new
      demand letter and begin recoupment as in step 3 above.

   d.   <u>Failure to Make Payments</u>

      When a nonparticipating household fails to make a
      negotiated repayment on schedule, (either a lesser
      amount or no payment), ACCESS will include the DSW
      108FSD (Food Stamp Claim Reminder Notice) blurb on the
      next bill. It explains that no payment or insufficient
      payment was received and that the household may contact

the district to discuss renegotiation of the payment schedule.

If the household responds, follow policy at 273.18(g)(2)(iii).

_____

P-2540   Problems (Continued)

B.   Overpayments (Continued)

2.   Agency or Inadvertent Household (Client) Error Claims
      (273.18) (Continued)

            If a settlement cannot be reached with a
            nonparticipating household, or a nonparticipating
            household fails to respond, suspend collection for
            reason code 4.

      e.   Change in Participation Status

            i.   When a case closes with an unpaid claim balance,
                  the ACCESS closure notice informs the household of
                  the amount still owed and requests repayment.

                  A.   If the household replies to the request but
                        does not repay in full by lump sum payment,
                        discuss the options for repayment with the
                        household and, if possible, renegotiate a
                        schedule for repayment of any outstanding
                        balance not repaid through lump sum payment.

                        File the DSW 108A (Reimbursement Agreement)
                        in the case record, and send a copy to the
                        household. Enter the option selected in
                        RECO.

                  B.   If the household does not respond to the
                        request, proceed as indicated in P-2540
                        B(2)(b), STEP 3.

            ii.   When a case with an unpaid claim balance reopens,
                  ACCESS generates an informational message to
                  inform you about the claim.

                  If a repayment method code of 3, 4, or 5 had been
                  entered previously, ACCESS will take the case out
                  of suspension (if necessary) and use the same
                  method to begin recoupment as soon as
                  administratively possible. Approval in ACCESS
                  will be required.

                  If a repayment method code of 3, 4, or 5 had not
                  been entered previously, ACCESS will take the case
                  out of suspension (if necessary) and generate a
                  DSW 108FSA for you to send to the household.

ACCESS will initiate recoupment for the next benefit issuance. Approval in ACCESS will not be required.

P-2540   Problems (Continued)

B.   Overpayments (Continued)

2.   Agency or Inadvertent Household (Client) Error Claims
      (273.18) (Continued)

            iii. When a member of an overpayment case becomes a
                 pending member of a different household, ACCESS
                 generates an informational message to the worker.
                  Decide whether to pursue the claim in the new
                 household (see 273.18f). Document this decision
                 in the case record. If you decide not to pursue,
                 no further action is needed. If you decide to
                 pursue it, transfer the claim in RECO to the new
                 case (see the ACCESS manual, RECO Section, DISP
                 panel).

                 If a repayment method code of 3, 4, or 5 had been
                 entered on the original household, remove it so
                 that ACCESS will generate a DSW 108FSA to the new
                 household. If no repayment method had been
                 entered, transferring the case will trigger the
                 creation of a DSW 108FSA.

                 ACCESS will initiate recoupment for the next
                 benefit issuance. Approval will not be required.

3.   Intentional Program Violation (Fraud)

      a.   Establish and Calculate the Claim

            If the amount of combined program losses for ANFC and
            food stamps is less than $900, do not refer for fraud
            investigation. Establish a claim as client error (P-
            2540 B[2]).

            Complete a DSW 108FS. Use the same reason codes on the
      top of the
            DSW 108FS that are listed in P-2540 B(2)(a). For fraud
            this would usually be code 1, but it may be code 4 for
            ANFC and food stamps.

            Calculate the amount of overpayment. You may use a DSW
            203C worksheet [see 273.18(c)(1) and P-2126 C] or the
            Quick Eligibility Check function on the PC. Do not
            allow the 20 percent earned income deduction if the
            overpayment is due to unreported earned income.
            Remember to use rules and benefit tables in effect at

the time of the overpayment. These may be obtained
from the procedures unit at state office, if they are
not available in your district. Attach your budget
worksheets or printouts to the file copy of the DSW
108FS.

b.   Recommendation of the District Director

      After completing the DSW 108FS, submit it to your
      supervisor or district director for review.

P-2540   Problems (Continued)
B.   Overpayments (Continued)
3.   Intentional Program Violation (Fraud) (Continued)
          The supervisor or district director will assess your
          summary and statements of the case circumstances and,
          if in agreement, will then recommend initiation of a
          fraud investigation to the fraud chief. (If not in
          agreement, the supervisor or district director will
          recommend another action.) Do not send out a DSW
          108FSA (Food Stamp Claim Notice) or notify the client
          in any way. Enter the claim into RECO as a pending
          fraud case, and ACCESS will not issue a DSW 108FSA.

     c.   Follow-up on Fraud Referrals
          i.   The fraud chief will assess each DSW 108FS to
               determine whether to refer it to an investigator
               or to decline investigation and refer it to the
               district for non-fraud recovery.

               If the case is declined, the DSW 108FS is signed
               by the fraud chief indicating this status and
               referred to the district for recovery as an
               inadvertent household error claim, as outlined in
               P-2540 B(2).

          ii. If the case is assigned to an investigator, the
               investigator will gather facts about the claim to
               present the case to the state's attorney or
               prepare for an administrative disqualification
               hearing.

               A.   If the fraud investigator decides that there
                    is not enough information to pursue fraud,
                    the case will be disposed of as non-fraud.
                    The DSW 108FS will be signed by the fraud
                    chief indicating this status and referred
                    back to the district for recovery as an
                    inadvertent household error claim, as
                    outlined in section B(3), or as no provable
                    loss. If there is no provable loss, ask PPS
                    to delete the claim on ACCESS. Keep all
                    copies of the DSW 108FS with a notation that
                    the ACCESS claim has been deleted.

                    If the fraud investigator collects a lump sum
                    repayment from the recipient for other
                    programs, the food stamp loss will be
                    included. A notation about the repayment
                    received will be entered on the
                    DSW 108FS and returned to the district. The
                    cash repayment will be forwarded to Accounts

Receivable Unit along with the identifying
information for the case, indicating the
amount collected that is for food stamps.
Any amount collected in food stamps will be
forwarded to Food Stamp Accounting with
identifying information. The Accounts
Receivable Unit and Food Stamp Accounting
will enter any repayment amounts they receive
on the proper panel in RECO.

P-2540   Problems (Continued)

B.   Overpayments (Continued)

3.   Intentional Program Violation (Fraud) (Continued)

B.   If the fraud investigator decides facts are
     sufficient to prove intent and the loss is
     less than $2000, the Administrative
     Disqualification Hearing (ADH) process will
     be initiated (see 273.16e and P-2540 F). If
     the loss is greater than $2000, the fraud
     investigator may pursue the ADH process
     rather than referring the case to the state's
     attorney. The client will be given the
     option of signing a DSW 108FSHW
     (Administrative Disqualification Hearing
     Waiver).

     1.   If the waiver is signed, or the hearing
          decision is that the client committed an
          intentional program violation, the fraud
          chief will refer the case to the
          district to be treated as a fraud
          conviction (273.16e and 273.16f). Any
          disqualification period begins
          immediately on the date the waiver is
          signed or the date of the hearing
          decision.

     2.   If the client does not sign a waiver,
          the case will be referred to the AAG for
          a hearing. Take no action until the
          fraud chief notifies you of a decision.

C.   If the fraud investigator decides the facts
     are sufficient to prove fraud and the loss
     from all programs is $2000 or more, the case
     may be presented to the state's attorney.

     1.   If the state's attorney declines
          prosecution, the fraud chief will return
          the DSW 108FS to the district for
          recovery as an inadvertent household
          error (see P-2540 B#3).

     2.   If the state's attorney places the case
          in a diversion program, the fraud chief
          will return the DSW 108FS to the

district indicating that recoupment is to be at the same rate as for fraud but the person who committed the violation is not disqualified. Specifics concerning the case will be included in the fraud chief's memo of disposition. Until a new repayment method code is created, the repayment method for these cases will be 6 (Probation and Parole).

P-2540   <u>Problems</u> (Continued)

B.   <u>Overpayments</u> (Continued)

3.   <u>Intentional Program Violation (Fraud)</u> (Continued)

                        If the restitution amount ordered by the
                        diversion board is less than our loss,
                        recover the balance according to
                        instructions in the memo of disposition.
                        When the fraud unit is notified that
                        diversion payments are complete, you
                        will be notified. The diversion-ordered
                        payments may be made through recoupment,
                        if agreed upon with the diversion
                        program.

        3.   When the state's attorney prosecutes
              suspected fraud cases in the Vermont District
              Court:

              a.   If the recipient is found <u>not</u> <u>guilty</u> of
                    fraud, the DSW 108FS will be signed by
                    the fraud chief indicating this status
                    and referred to you either to recover as
                    an inadvertent household error claim, as
                    outlined in P-2540 B(2), or to file as
                    no provable loss. If there is no
                    provable loss, ask PPS to delete the
                    claim on ACCESS. Keep all copies of the
                    DSW 108FS with a notation that the
                    ACCESS claim has been deleted.

              b.   If the recipient is found <u>guilty</u> of
                    fraud, the court will indicate the
                    amount to be recovered and either:

                        *   Assign collection to Probation
                             and Parole in the Department
                             of Corrections (P&P), or
                        *   Leave collection up to the
                             Department of Social Welfare.

              c.   The claim will be compromised (the
                    amount of the overpayment reduced) if
                    the court indicates that the fraud
                    overpayment does not have to be fully
                    repaid. This is a rare situation.
                    Follow instructions in the fraud chief's
                    memo of disposition.

d.   On rare occasions, the court orders the claim to be repaid in-kind as community services. The claim stays at its full amount until the work is completed. When the value of the hours worked equals the amount of the claim, terminate the claim. P&P is responsible for monitoring the community service, and you will be given the details in a memo from the fraud chief.

P-2540   Problems (Continued)

B.   Overpayments (Continued)

3.   Intentional Program Violation (Fraud) (Continued)

If the community service is not completed,
the portion of the claim that is not worked
out must be collected. To determine that
amount, follow these steps:

*   divide the hours worked by the hours
     required to be worked,
*   multiply this figure by the amount of
     the claim to find the value of the hours
     worked, and
*   subtract the value of the hours worked
     from the claim amount.

EXAMPLE: A client is ordered to work 100
            hours to pay off a $500 claim. The
            client worked only 53 hours.

            53 ÷ 100 = .53
            .53 X $500 = $265
            $500 B $265 = $235 claim
balance

d.   Follow-up on Court-Ordered Convictions

The fraud unit will complete and sign the DSW 108FS and
return it to you with a memo detailing the court
findings and restitution order. Send a DSW 108FSF
(Food Stamp Fraud Notice).

NOTE: If the fraud conviction (or diversion order)
         combines multiple programs and the court-ordered
         restitution amount is less than the total loss, the
         fraud chief's memo of disposition will tell you how to
         recoup the losses in both programs.

i.   If the court does not address disqualification,
      the fraud chief will indicate that you should
      initiate disqualification as per 273.16 b. Enter
      this information in ACCESS on MBR2.XX, and change
      RECO appropriately. The disqualification period
      begins on the day the court issues its decision.

      If the disqualified individual is a member of an

eligible food stamp household, ACCESS will recompute the food stamp allotment for the remaining household members (see 273.11 and P-2510 E#5). Send a notice. Ten-day notice is not required (see 273.13[b][7] and 273.16[e][9]).

P-2540   <u>Problems</u> (Continued)

B.   <u>Overpayments</u> (Continued)

3.   <u>Intentional Program Violation (Fraud)</u> (Continued)

      ii.   When the court did not specify recovery through
          P&P, DSW will collect the claim. In either case,
          determine whether there are lost benefits to
          offset the claim (see P-2540 C). Indicate any
          offset on the file copy of the DSW 108FS, on a
          copy to the fraud unit, and in ACCESS. The fraud
          unit, in turn, will notify P&P.

              If the restitution amount ordered by the court is
          less than our loss, follow the recovery
          instructions in the fraud chief's memo of
          disposition.

     iii.   When a court-ordered conviction claim is totally
          offset or repaid, notify the client with a DSW
          220FSR (Notice of Decision - Closed FS Claim)
          notification letter with copies to the P&P
          district office and to the fraud unit. Enter the
          repayments or offset action on the ACCESS
          recoupment panel.

     iv.   If P&P has been charged with collecting the claim,
          then you can only proceed with A. or B. below,
          after requesting and obtaining approval from P&P.

              If this approval is received, or if DSW is charged
          with collection, proceed as follows, always
          keeping P&P aware of collection developments.
          This contact will be through state office.

        A.   Collection action may be suspended for fraud
          cases if:

CODE	REASON FOR SUSPENSION
2	there is documentation showing that the household cannot be located, or
4	the cost of further collection action is likely to exceed the amount that can be recovered, and you have sent the following to non-participating households:

- at least one demand letter for claims under $100,
- at least two demand letters for claims for claims between $100 and $400, or
- at least three demand letters for claims of more than $400.

P-2540   <u>Problems</u> (Continued)

B.   <u>Overpayments</u> (Continued)

3.   <u>Intentional Program Violation (Fraud)</u> (Continued)

ACCESS will generate the demand letters and suspend the case according to the above criteria. ACCESS will send you a message and list the case on an exception report for fraud unit staff, who will notify P&P.

There will be very few instances of suspended collection action for court-ordered conviction claims, as the discharge of this monetary obligation will be, in most cases, a condition of probation termination, unless P&P requests the court to amend the order.

B.   If collection action is not suspended:

1.   Request repayment of the remaining amount of the court-ordered repayment by sending the household a DSW 108FSF (Food Stamp Fraud Notice). Send a copy to P&P and to the fraud unit.

2.   Reduce the household's next benefit issuance if the household does not respond to the demand letter in 10 days and is currently active. Enter code 5 for REPAYMENT METHOD on RECO. Compute the amount of the recoupment using 20 percent of entitlement before the disqualified member was removed or $10, whichever was greater.

When the disqualification period ends and the member is added back to the household, repayment method code 4 (20 percent) may be used. Payment method code 4 should also be used if the court ordered no disqualification.

If the disqualified member is the only member of the household, close the case for the disqualification period. See P-2540 B(4)(f).

If there is recoupment, notify the fraud unit staff; they will notify Probation

and Parole.

3.   If the household replies to the DSW 108FSF but does not repay in full by a lump sum payment, discuss the options for repayment listed on the DSW 108A (Reimbursement Agreement). The provision for the minimum benefit for one-and two-person households only applies to the allotment prior to reduction (273.10[e][2][ii]).

P-2540   Problems (Continued)

B.   Overpayments (Continued)

3.   Intentional Program Violation (Fraud) (Continued)

i.   The negotiated amount for a
household currently receiving
benefits cannot be less than the
amount which could be recovered
through recoupment.

For an intentional program
violation claim, this is the
greater of:

a. $10 per month or

b.   20 percent of the
household's monthly
entitlement before any
members were
disqualified.
Entitlement means the
amount the household
would be eligible for
before the removal of the
disqualified member.

If the P&P worker or the fraud
investigator is negotiating the
repayment, you will be contacted.

ii.   If the household prefers to repay
through recoupment or recoupment is
instituted because of inability to
negotiate a repayment schedule,
enter the appropriate code in RECO.

4.   Enter any negotiated agreement to repay
on a
DSW 108A (Reimbursement Agreement) and
have it signed by the client. Send a
copy to the fraud unit and a copy to the
client, and file a copy in the case
record, attached to the DSW 108FS. Enter
the information in RECO.

5.   No recoupment will be made from the

initial grant for which there is an
active claim on file, whether issued on
a daily or state office master run.
This includes expedited service cases.

P-2540   <u>Problems</u> (Continued)

B.   <u>Overpayments</u> (Continued)

3.   <u>Intentional Program Violation (Fraud)</u> (Continued)

    e.   <u>Failure to Make Payments</u>

        i.   If the client is making payments through P&P, they
             will monitor payments. Take no action unless P&P
             requests it.

        ii.   If a non-participating client is making payments
             through DSW, ACCESS will monitor payments. If a
             payment is missed, ACCESS will include a DSW
             108FSD (Food Stamp Claim Reminder Notice) on the
             next bill.

             If the household responds, follow policy at
             273.18(g)(2)(iii).

             If a settlement cannot be reached with a non-
             participating household, suspend the claim.
             ACCESS will notify the fraud unit.

             If the household fails to respond, ACCESS will
             continue to include the DSW 108FSD notice on the
             bill for up to three bills following the criteria
             in P-2540 B(3)(d)(iv)(A). If no response is
             received, ACCESS will suspend the claim, notify
             you, and list the case on a monthly report to the
             fraud unit.

    f.   <u>Change in Participation Status</u>

        i.   When a fraud case under recoupment closes with an
             unpaid balance on the claim:

             A.   Notify fraud unit staff who will, in turn,
                 notify P&P that recoupment is terminating.
             B.   The closure notice generated by ACCESS will
                 inform the household of the amount still owed
                 and request repayment.
             C.   Either the fraud unit or P&P will renegotiate
                 the repayment schedule, depending on whom the
                 court charged with collection. The
                 negotiation will be documented.
             D.   Potential suspension action is the same as
                 indicated in P-2540 B(3)(d)(iv)(A).

E.   The fraud unit will complete a DSW 108A
     (Reimbursement Agreement) and distribute
     copies to the client, the fraud file, and the
     case file.

     Input the information in RECO.

P-2540   Problems (Continued)

B.   Overpayments (Continued)

3.   Intentional Program Violation (Fraud) (Continued)

F.   Repayments by check or cash will be handled
     as indicated in P-2540 B(1)(D), and failure
     to make payments will be handled as indicated
     in
     P-2540 B(3)(e).

ii. When a case with an unpaid claim balance reopens,
     ACCESS generates an informational message to you,
     regardless of the repayment method or current
     payment status.

     If the household is currently making payments and
     DSW is responsible for collection, the household
     must switch to recoupment.

     If no payments are being made, ACCESS will take
     the case out of suspension (if necessary) and
     begin recoupment as soon as administratively
     possible, using the same recoupment method that
     had been entered previously. Worker approval will
     be required.

     ACCESS will not begin recoupment if the repayment
     method indicates that P&P is responsible for
     collection.

4.   Return of Overpayments

     Whenever a household overpays a claim, state office will
     repay the amount overpaid as soon as possible after the
     overpayment becomes known. The household will be repaid by
     whatever method state office deems appropriate. Place any
     information on the repayment in the case file.

5.   Examples

     You may use the Quick Eligibility Check program in the PC or
     a DSW 203C (Food Stamp Eligibility Worksheet) to help
     determine what benefits should have been paid. Do not allow
     the 20 percent earned income deduction if the overpayment is
     due to unreported earned income.

P-2540   Problems (Continued)

B.   Overpayments (Continued)

5.   Examples (Continued)

      a.   Determining the amount of the claim (agency error or
            client error): overpayment began more than 12 months
            before being discovered; standards changed in the
            interim

            On July 7, 1996, you discover that the UTIL panel on an
            elderly client's STAT was incorrectly coded; for 14
            months heating had a "Y," and the fuel and utility
            standard was used in the budget; in reality, the client
            only pays for electricity for lights and cooking.

            Step 1:   You determine that, in May 1995, the client
                       had reported moving from an apartment where
                       she paid for her own heat to one where heat
                       was provided. The RENT panel was changed for
                       June, but the UTIL panel was not.

                       You correct August's benefits. The
                       overpayment occurred from June of one year
                       through July of the next (current). Since
                       the claim can go back as many as 12 months
                       prior to the month the overpayment was
                       discovered, do budgets from the previous July
                       (i.e., 12 months prior to July). You are,
                       therefore, computing overpayments for 13
                       months of benefits.

            Step 2:   Do the following budgets to determine what
                       the client was entitled to receive.

                       The standard deduction and the monthly
                       allotment amounts changed in October; the
                       client's social security benefits changed in
                       January from $500 to $515. Desk review would
                       have changed her February benefits because of
                       this income change.

                            July 1995 - September 1995

                            $500.00 unearned income   Shelter
                            -131.00 standard deduction$350.00 rent
                            $369.00   +114.00 utility
      std.

```
      0 child care                    $464.00
-279.50 excess shelter deduction
$ 89.50 net income
$ 88.00 monthly allotment
```

P-2540   Problems (Continued)

B.   Overpayments (Continued)

5.   Examples (Continued)

                        October 1995 - January 1996

                        $500.00 unearned income   Shelter
                        -134.00 standard deduction $350.00
rent
                         366.00   +117.00
utility std.
                              0 child care $467.00
                        -284.00 excess shelter deduction
                        $ 82.00 net income
                        $ 94.00 monthly allotment

                        February 1996 - July 1996
                     $515.00 unearned income   Shelter
                      -134.00 standard deduction $350.00
                 rent
                    $381.00   +117.00
                      utility std.
                          0 child care $467.00
                     -276.50 excess shelter deduction
                     $104.50 net income
                     $ 87.00 monthly allotment

        Step 3:   July '95 August September October
              November

             Received: 115   115   115   119
             119
             Entitled to: -88   -88   -88   -94
                 -94

             Differences: 27   + 27   +   27   +   25
     +   25

                          Dec. '95 Jan. '96   Feb. March
        April   May

             Received: 119   119 119 119 119 119
             Entitled to: -94   -94   -87   -87   -
87   -87

             Differences: 25   +   25 +   32   +
        32   +   32 + 32

```
                        June        July

  Received:            119         119
  Entitled to:         -87             -87
  Differences:          32      +   32

Total overpayment = $373
```

P-2540   Problems (Continued)

B.   Overpayments (Continued)

5.   Examples (Continued)

    b.   Offsetting a Claim (see P-2540 C)

        In March you establish a claim against a household when
you discover that the household failed to report
unearned income in a timely manner. Using steps 1-3
outlined in examples a and b, you determine that the
household was overpaid $300 for December through March.

        As you compute the amount of the overpayment, you
discover that the computer has been underissuing the
household $2 a month since October.

        The $2 for October through February are considered lost
benefits that need to be restored, since the error was
an agency error and the household has already met its
food needs for the month. (March's underpayment
adjustment would not be a restoration of lost benefits
because the second criterion - the household's food
needs have been met for the month - has not been met).

        The client does not receive the $10 adjustment; it is
applied to the claim. Instead of a $300 claim, there
is only a $290 claim.

        Input $300 into ACCESS as the total overpayment amount
and $10 as the offset amount. Enter both amounts on
the DSW 108FS.

c.   Determining the amount of the claim (client error and agency
error).

    During a review on June 21, a client reports that he began
working on February 15. Benefits will decrease as a result
of this income. You decide no fraud referral will be made.

    Establish a claim, following steps one through three
outlined in example a above.

    If the income is ongoing, however, and you fail to reduce
the benefits by August to reflect the income (you have 10
days to act on the change), the department has also
contributed to the overpayment. In this case, a second and
separate claim must be established; this is an agency error

claim that will begin with August and will continue until
the benefits are reduced.

Vermont Stamps
Social Welfare

Procedures

Food

2/1/97
B20

Bulletin No. 97-7

P-2540

P-2540   Problems (Continued)

B.   Overpayments (Continued)

5.   Examples (Continued)

d.   Setting up recoupment and calculating the recoupment
      amount in a fraud claim.

      A member of a two-person household is convicted of
      fraud and ordered by the court to repay $2,000. Since
      the court order made no mention of disqualification,
      the member is disqualified for six months. The
      household and P&P agree to repayment by recoupment.

Step 1:   Determine the recoupment amount. The household is
           not allowed the 20 percent earned income deduction
           for any unreported income.

               The household net income: $106.49
               Allotment for a household of 2: $188.00
               Allotment for a household of 1: $ 88.00

           Since the recoupment amount is based on the
           household's allotment prior to removing the
           disqualified member, it would be 20 percent of
           $188, or $37 (not 20 percent of $88).

Step 2:   Using the RECO function, enter the FS claim into
ACCESS.

               TOTAL OVERPAYMENT AMOUNT: $2,000.00
               REPAYMENT METHOD: 5
               RECOUPMENT AMOUNT: $ 37.00

Step 3:   Enter food stamp disqualification start date,
           months, and type on the disqualified person's MBR2
           panel. Make other corrections to the STAT, if not
           previously done.

Step 4:   After background processing, approve eligibility
           results. The ENTITLEMENT AMT is $88 (the
           allotment for a household of 1); the RECOUPMENT
           AMT is $37; the FS BENEFIT LESS RECOUPMENT is
           $51.00.

Step 5:   Notify the client of the change using the
           computer-generated notice or the manual DSW 220CH
           or DSW 220CH-1. Send copies to the fraud unit and

P&P.